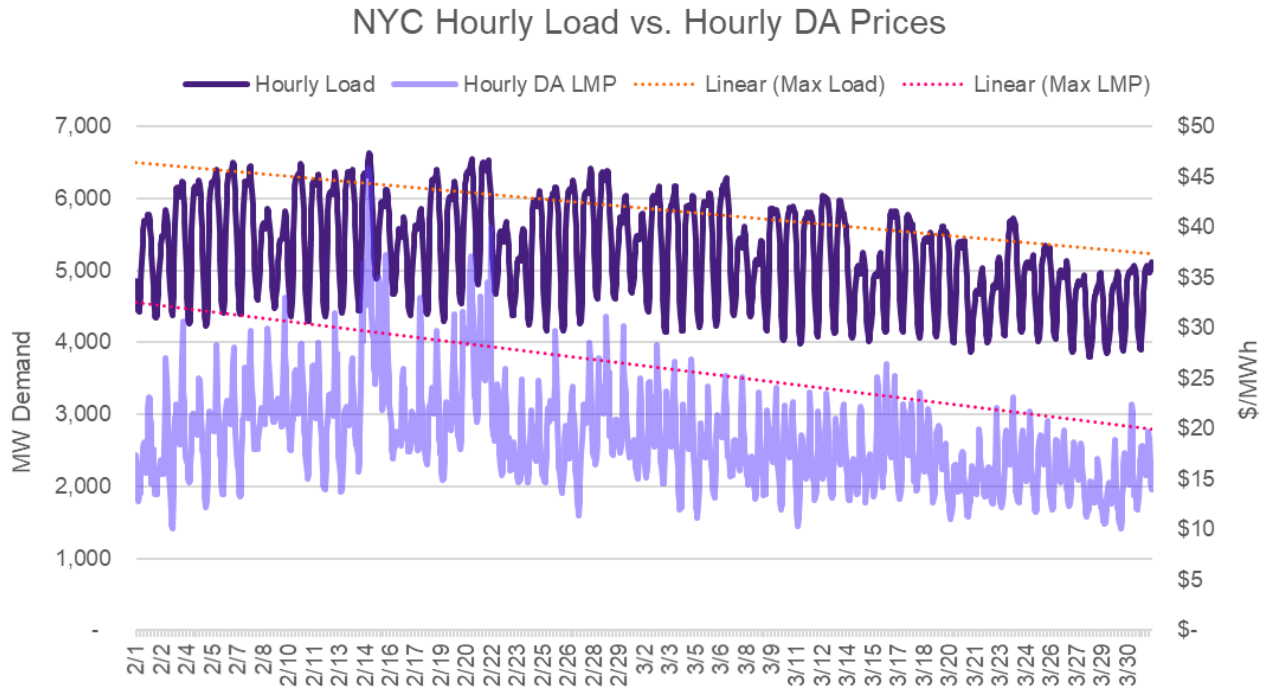




# Enel X Insights

April 2020 New York Monthly Market Commentary

# Power prices sink further as virus impacts sap demand



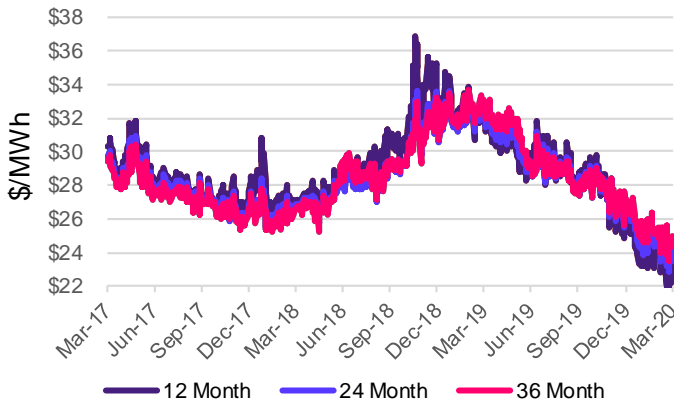
Already reeling from low natural gas prices and a warmer-than-normal winter, NYISO Zone J day-ahead power prices continued their downward trajectory in March as New York clamped down on activity in an effort to stem the spread of the coronavirus. The March monthly ATC average price for Zone J was the lowest in over ten years at \$16.81/MWh, with April prices poised to remain as low if not fall lower. Peak demand in New York City has fallen nearly 25% since mid-February, and power prices have dropped proportionally, nearly \$5/MWh from \$20/MWh in February.

Since Governor Andrew Cuomo issued the closure of non-essential businesses on March 20, average demand has fallen roughly 13%. Peak demand, which typically drives up hourly prices, has fallen further as commercial real estate in the city is predominantly operating at minimum capacity. The order currently extends through April 15, but would likely be extended if conditions do not improve substantially. Although the slide in power prices is extreme, it will likely be temporary. Over time, as conditions normalize and demand returns, hourly prices will likely find their footing again.

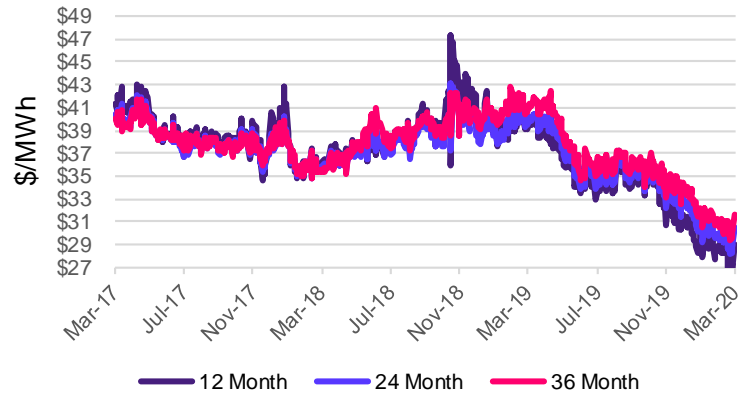


# Regional Electricity Pricing Update

West - Zone A ATC Forward Strip



NYC - Zone J ATC Forward Strip



**Zone J forward prices continue 2020 decline:** Forward wholesale energy prices in Zone J (NYC) continued the decline that started in October 2019. Rolling 12-month strip prices hit a new 5-year low on February 24, at \$27.80/MWh and have averaged \$29.36/MWh so far in 2020. Prices for 12-, 24-, and 36-month rolling strips for Zone J (NYC) are down 27% since this time last year. Current forecasts indicate that warmer temperatures will continue into late March, and this in addition to gas storage well above the 5-year average will continue to put downward pressure on forward prices in the state.

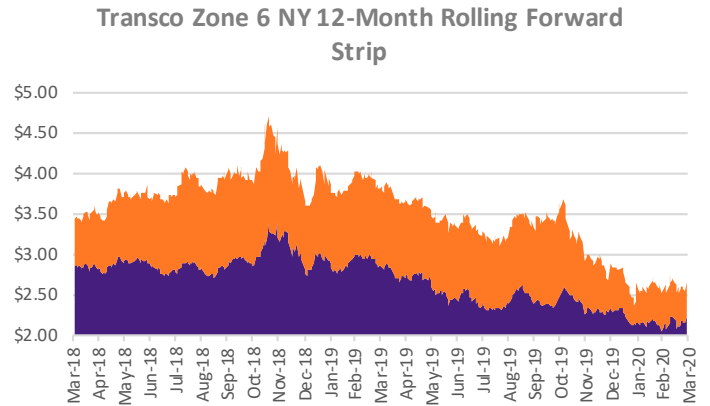
NYISO Day-Ahead Spot Pricing								
NYISO Zone		Feb-20	Jan-20	Mom% Inc/(Feb)	Feb-19	YoY% Inc/(Feb)	Feb Five Year Avg	% Inc/(Feb)
ZONE A	West	\$ 16.07	\$ 16.37	▼ (2%)	\$ 25.43	▼ (37%)	\$ 32.05	▼ (50%)
ZONE B	Genesee	\$ 15.79	\$ 15.82	▼ (0%)	\$ 24.80	▼ (36%)	\$ 32.06	▼ (51%)
ZONE C	Central	\$ 16.36	\$ 16.57	▼ (1%)	\$ 25.74	▼ (36%)	\$ 33.57	▼ (51%)
ZONE D	North	\$ 14.88	\$ 14.59	▲ 2%	\$ 22.84	▼ (35%)	\$ 29.94	▼ (50%)
ZONE E	Mohawk Valley	\$ 16.65	\$ 16.82	▼ (1%)	\$ 26.08	▼ (36%)	\$ 34.83	▼ (52%)
ZONE F	Capital	\$ 20.45	\$ 25.53	▼ (20%)	\$ 32.72	▼ (38%)	\$ 49.45	▼ (59%)
ZONE G	Hudson Valley	\$ 19.66	\$ 23.36	▼ (16%)	\$ 31.34	▼ (37%)	\$ 46.33	▼ (58%)
ZONE H	Millwood	\$ 19.82	\$ 23.59	▼ (16%)	\$ 31.61	▼ (37%)	\$ 46.70	▼ (58%)
ZONE I	Dunwoodie	\$ 19.87	\$ 23.60	▼ (16%)	\$ 31.61	▼ (37%)	\$ 46.83	▼ (58%)
ZONE J	NYC	\$ 21.26	\$ 25.12	▼ (15%)	\$ 33.07	▼ (36%)	\$ 47.92	▼ (56%)

**February Average Spot Prices Hit 10 Year Low:** Day ahead LMP prices were down across all zones month-over-month, averaging a 9% decline state wide. New York City electricity prices averaged \$21.26/MWh, down 56% compared to the 5-year average and roughly 36% lower than this time last year. Statewide LMP monthly average prices are the lowest in 13 years\*. Above-average winter temperatures have decreased demand for natural gas resulting in significantly lower electricity prices. With forecasts showing continued mild temperatures in March, low LMP prices are expected to persist barring any significant weather events.



# Regional Natural Gas Pricing Update

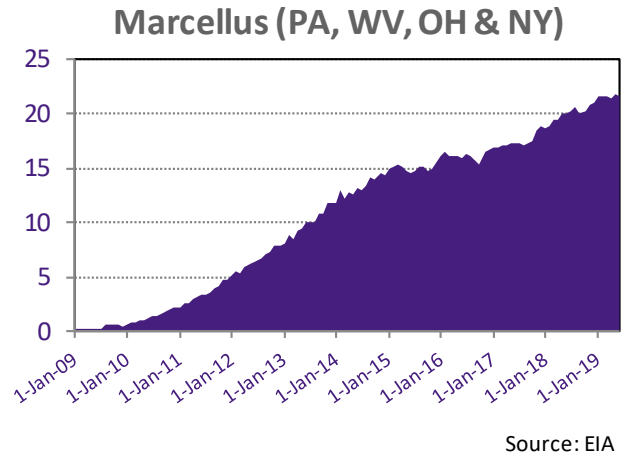
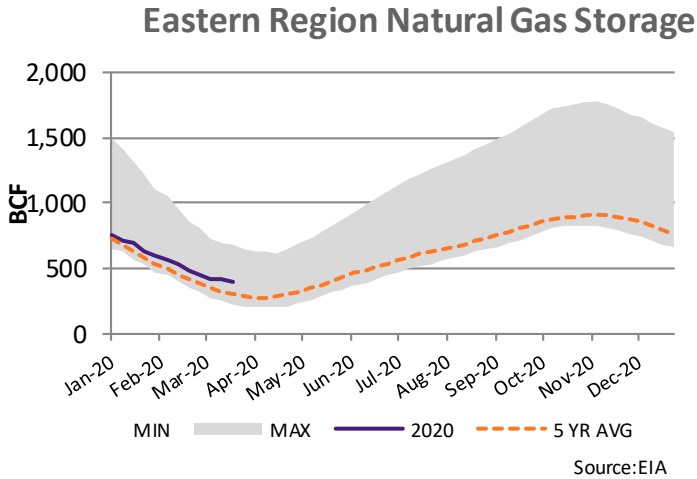
**February New York Wholesale Natural Gas Prices Rebound in February:** The NY 12-month rolling strip (including NYMEX) increased 9% in the week following its 9-year low in late January. After peaking at \$2.69/MMBtu on February 19, prices have declined but found support at the \$2.50/MMBtu mark. Low basis forwards and historically low NYMEX prices present an opportune long-term buying position. On average 12-, 24-, and 36-month NY rolling strips are down between 4 and 9% in 2020.



**Transco Zone 6 – NY Average Daily Gas Prices Continue to Fall:** The monthly average of daily spot gas pricing at Transco Zone 6 – NY for February was down 14.3% month-over-month. Prices have averaged \$2.07/MMBtu so far in 2020. A brief return to seasonally average temperatures in the middle of February sent prices as high as \$2.33/MMBtu, but since then prices have roughly averaged 1.79/MMBtu. Basis for the month of February averaged -\$0.027/MMBtu, the first time since December 2015 a winter month has averaged negative basis prices. This winter (Dec-Feb) had average basis prices of \$0.12/MMBtu, the lowest over the past 8 years. As of March 10, 14-day temperature forecasts show above average temperatures in the Northeast, continuing to put downward pressure on natural gas spot prices in the region.

Natural Gas Spot Pricing							
Trading Point	Feb-20	Jan-20	MoM% Inc/(Feb)	Feb-19	YoY% Inc/(Feb)	Feb Five Year Average	% Inc/(Feb)
Transco Z6 NY	\$1.848	\$2.157	▼ (14.3%)	\$2.853	▼ (35.2%)	\$5.564	▼ (66.8%)
Henry Hub	\$1.875	\$2.005	▼ (6.5%)	\$2.671	▼ (29.8%)	\$2.620	▼ (28.4%)
Transco Z6 NY Basis	-\$0.027	\$0.151	▼ (118.1%)	\$0.182	▼ (115.1%)	\$2.944	▼ (100.9%)

Marcellus production is up 7.2% year over year, finishing the month of January at 23.11 Bcf. Withdrawals from natural gas storage in the East have averaged 38 Bcf per week in the month of February, 1 Bcf lower than this time last year and 3 Bcf lower than the 5 year average. Current regional storage levels are 134 Bcf higher year-over-year and 66 Bcf higher than the 5-year average. Continued increases in Marcellus production in conjunction with above average temperatures forecasted in the Northeast for the remainder of March will likely lead to more above average injections to regional storage.



For questions or further discussion about these topics, please contact your Enel X Energy Advisor or talk to an Energy Sourcing Expert.